MAUREL & PROM

HALF-YEAR REPORT

30 June 2017

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2 PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

As the Chief Executive Officer of Etablissements Maurel & Prom (hereinafter "**Maurel & Prom**" or the "**Company**"), reporting to the Chairman, Mr Aussie B. Gautama, Mr Michel Hochard is in charge of financial information and particularly the half-year financial report.

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Certification

"I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of operations of the Company and its consolidated entities, and that the half-year management report on pages 4 to 26 provides a true and fair view of significant events for the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year."

The Chief Executive Officer

Michel Hochard
Paris, 12 September 2017

3 GROUP BUSINESS ACTIVITIES IN THE FIRST HALF OF 2017

3.1 Production activities

The increase in sales, which were up by 21% compared to the same period last year, reflected a sharp rise in the average selling price of oil produced in Gabon (up 29% compared to H1 2016), while volumes sold were down 7% compared to H1 2016.

In Gabon, oil production for the period stood at 19,764 bopd for M&P's share (80%), or a total of 24,705 bopd operated by Maurel & Prom. This level was below the fields' production capacity, which had been impacted by a strike that disrupted operations in Q1 2017. The implications of the strike continued into Q2 2017. As a result, production in Q2 2017 stood at 25,154 bopd, versus 24,139 bopd in Q1 2017 (at 100%).

The average selling price of oil followed the rise in the market reference price, i.e. Brent. It also benefited from higher prices for Rabi Light crude oil, which is discounted compared to Brent and averaged $2.17/bbl in fiscal 2016 and $1.35/bbl in H1 2017.

In Tanzania, gas output was 17.8 MMcf/d for M&P's share (48.06%). Gas production capacity on the Mnazi Bay permit is currently around 80 MMcf/d for average operated production of around 37 MMcf/d at 100% in H1 2017. This production level is dependent on industrial gas consumption in Dar Es Salam, traditionally lower in the first half, which is routed through TPDC buying from the operator.

3.2 Other activities

Drilling activities
Drilling activities are still limited in a context that remains depressed. The drilling of an exploration well on behalf of Aminex in Tanzania, begun at the end of 2016, was completed in March 2017. The Group continued to manage drilling rigs for ENI Congo in the first half, but on a less sustained basis than in 2016.

Seplat (Nigeria)
In June 2017, Seplat – in which Maurel & Prom has a 21.37% stake – resumed routing its oil production through the Forcados export terminal, which had been shut down since mid-February 2016.

As a result, Seplat can get back to the hydrocarbon production levels achieved before a force majeure was declared at the export terminal and significantly increase the gas production.

3.3 Registered office

The takeover bid initiated in 2016 by Pertamina International Exploration Production for Maurel & Prom shares was finalised in the first half of 2017. As at 30 June 2017, PIEP held 141,911,939 Maurel & Prom shares.

As PIEP's majority stake in Maurel & Prom's capital constituted a change in control, bearers of the 2019 and 2021 ORNANE bonds had the option to request the early repayment in cash of all or some of their bonds between 6 February 2017 and 3 March 2017. The early repayment of 7,005,394 2019 ORNANE bonds and 6,076,181 2021 ORNANE bonds, which were cancelled, was made on 10 March 2017. This early repayment was financed through funds made available to Maurel & Prom by PIEP through a shareholder loan under the terms of the ORNANE bonds (i.e. same rates and maturity apart from conversion option).

At present, therefore, there are 7,652,775 outstanding 2019 ORNANE bonds, of which 7,635,839 are held by PIEP, and 4,359,390 outstanding 2021 ORNANE bonds, of which 4,359,150 are held by PIEP.

3.4 Post-closing events

The Government of Quebec informed Saint-Aubin Energie Quebec Inc., a wholly owned subsidiary of Maurel & Prom, of its intention to withdraw the territory of Anticosti Island, for which exploration permits had been granted, from all future hydrocarbon or underground reservoir exploration.

Accordingly, on 27 July 2017 the Government of Quebec and Saint-Aubin Energie signed an agreement regarding the decommissioning of Saint-Aubin Energie's exploration activities on Anticosti Island. Other oil operators on Anticosti Island have also entered into such agreements.

The end to operations and the exploration programme were negotiated in exchange for financial compensation of CAD 16.2 million for the Maurel & Prom Group, which has a 21.7% stake in the project on Anticosti Island.

3.5 Financial information

3.5.1 Sales

SALES (in € millions)	Q1 2017	Q2 2017	H1 2017	H1 2016	*17/16 change*
Oil production	**86**	**79**	**164**	**136**	*+21%*
Gabon	*81*	*75*	*156*	*126*	
Tanzania	*5*	*3*	*8*	*10*	
Drilling activities	**5**	**3**	**7**	**6**	*+17%*
Consolidated sales (in €m)	**90**	**81**	**172**	**142**	*+21%*

The Group's consolidated sales for the first half of 2017 were up 21% at €172 million resulting from a 29% increase in oil prices to $50.7/bbl and a 7% drop in the quantities produced in Gabon to 19,764 bopd for M&P's share.

3.5.2 Current operating income

The increase in oil prices had a direct positive impact on the Group's margins. The EBITDA margin rose from 40% in the first half of 2016 to 45% of sales in the first half of 2017. Accordingly, current operating income amounted to €23 million in H1 2017 versus -€1.7 million in H1 2016. As for the Group's operating income, this amounted to €18 million in H1 2017 versus -€5 million in H1 2016.

3.5.3 Financial income

Financial income for the first half of 2017 was -€54 million, which included:

- a net borrowing cost of €20 million, including €10 million in non-recurring expenses associated with the reclassification as income of a portion of the expenses related to the issue of the ORNANE bonds following the early repayment; and
- foreign exchange losses of €33 million, mainly related to revaluating the Group's currency positions at the closing rate. The Group's exposure to foreign exchange risk is discussed in Note 7.5.4.6. The EUR/USD exchange rate at 30 June 2017 was 1.1412 versus 1.0541 at 31 December 2016.

3.5.4 Income from equity associates

The Group's share of the income of equity associates was -€5.6 million. Seplat's income was heavily impacted by the shutdown of the export terminal in mid-February 2016. The terminal's reopening in June 2017 allowed the Company to regain its export capacity. Seplat also suffered a loss when it rehedged hydrocarbons.

3.5.5 Net income

The Group's consolidated net income at 30 June 2017 was -€56.6 million. It was impacted by the decline in the EUR/USD exchange rate in the first half of 2017.

3.5.6 Cash flow

As at 30 June 2017, the Group had €254 million in cash, €188 million of it available, and €75 million in the form of a collateral deposit to guarantee the Revolving Credit Facility ("RCF").

Cash flow from operating activities, which had been negative in the first half of 2016, was a positive €79 million in 2017. This cash flow was used to finance (i) investments of €20 million (for the most part in Gabon on the Ezanga production permit), (ii) the repayment of the RCF lines reaching maturity ($37 million), and (iii) interest payments on borrowings (€12 million).

4 OIL RESERVES AND RESOURCES

The Group's reserves correspond to volumes of hydrocarbons recoverable from fields already in production or volumes revealed by discovery and delineation wells that can be operated commercially. At 31 December 2016, oil reserves were certified in Gabon by DeGolyer and MacNaughton and gas reserves were certified in Tanzania by RPS Energy.

P1+P2 reserves net of royalties	Oil (MMbbl) Gabon	Gas (Bcf) Tanzania[1]	**MMboe**
01/01/2016	**159.5**	**272.5**	**204.9**
production	*-7.4*	*-7.6*	
revision	*+5.6*	*+7.4*	
01/01/2017	**157.7**	**272.3**	**203.1**
of which P1 reserves net of royalties	*125.1*	*165.6*	*153.5*
or	*79%*	*61%*	*75%*

1 Royalties due under the Production Sharing Agreement are paid by TPDC (Tanzanian Petroleum Development Corporation) in accordance with the agreements in place.

5 LIST OF THE MAIN ASSETS HELD BY THE GROUP AT 30 JUNE 2017

Country	Company	Name	Company's interest
Gabon	M&P	Ezanga-Exploration	100%
		Ezanga-Production	80%
		Nyanga Mayombe	100%
		Banio	100%
		Kari	100%
Tanzania	M&P	Bigwa-Rufiji/Mafia	60%
		Mnazi Bay-Production	48.06%
		Mnazi Bay-Exploration	60.075%
Canada	M&P	Alberta	25%
		Anticosti(3)	21.7%
		Gaspé Peninsula	50%
Namibia	M&P	0044	42.5%
		0045	42.5%
Myanmar	M&P	M2 block	40%
Nigeria	Seplat(1)	OMLs 4, 38 and 41	45%
		OML 283	40%
		OML 53	40%
		OML 55	22.5%
Colombia	M&P Colombia(2)	Muisca	100%
	M&P Colombia(2)	COR 15	100%
	M&P Colombia(2)	CPO 17	50%
Italy	M&P	Fiume Tellaro	100%
France	M&P	Lavignolle	50%
		Mios	50%

(1) M&P has a 21.37% interest in Seplat

(2) M&P has a 50% interest in M&P Colombia

(3) The Government of Quebec and Saint-Aubin Energie signed an agreement on 27 July 2017 regarding the decommissioning of Saint-Aubin Energie's exploration activities on Anticosti Island.

6 SHAREHOLDERS' EQUITY AND CORPORATE LIFE

6.1 General Shareholders' Meeting

The Combined General Meeting of Maurel & Prom shareholders on Thursday, 22 June 2017, chaired by Mr Aussie B. Gautama, approved the resolutions concerning the company financial statements and the consolidated financial statements for the fiscal year ended 31 December 2016.

6.2 Total number of voting rights and shares comprising the share capital

Pursuant to Article L. 233-8 II of the French Commercial Code and the French Financial Markets Authority (AMF) General Regulations, Maurel & Prom informs its shareholders that the total number of voting rights and shares comprising its share capital at 30 June 2017 was as follows:

Date	Number of shares comprising the capital	Number of voting rights
30 June 2017	195,340,313	Theoretical: 195,940,071 Exercisable: 191,506,162

** Theoretical voting rights = total number of voting rights attached to the total number of shares, including treasury shares without voting rights.*

6.3 Risks and uncertainties

The Group's results are sensitive to various market risks. The most significant concern hydrocarbon prices and the EUR/USD exchange rate.

In terms of exchange rates, the Group has a forward-looking currency approach for managing currency fluctuations, pricing inflows in dollars against work and expenses. However, since the Group is responsible for financing its subsidiaries, its exchange position is primarily in dollars, revalued as euros, which is the reporting currency for the accounts, resulting in fluctuations linked to the volatility of the EUR/USD exchange rate. These revaluations may result in significant fluctuations in financial income. They are not subject to any specific hedging.

The risks linked to Maurel & Prom's activities are described in Chapter 2 of the Group's 2016 Annual Report.

7 GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Statement of financial position

ASSETS (in € thousands)	Note	30/06/2017	31/12/2016
Intangible assets (net)	3.2	288,328	317,832
Property, plant and equipment (net)	3.3	1,325,432	1,465,558
Non-current financial assets (net)	4.1	71,940	76,879
Other non-current assets (net)	3.5	38,785	38,708
Investments in equity associates	2.2	77,648	89,837
Deferred tax assets	5.1	27,443	30,375
NON-CURRENT ASSETS		**1,829,575**	**2,019,190**
Inventories (net)		8,065	9,181
Trade receivables and related accounts (net)	3.4	56,841	30,657
Other current financial assets	4.1	69,271	112,046
Other current assets	3.5	32,646	31,296
Current tax receivables	5.1	218	1,264
Cash and cash equivalents	4.2	188,855	192,799
CURRENT ASSETS		**355,896**	**377,243**
TOTAL ASSETS		**2,185,472**	**2,396,433**

EQUITY AND LIABILITIES (in € thousands)		30/06/2017	31/12/2016
Share capital		150,412	150,412
Additional paid-in capital		27,664	79,577
Consolidated reserves		879,705	962,874
Treasury shares		(53,963)	(68,140)
Net income, Group share		(56,752)	(50,193)
EQUITY, GROUP SHARE		**947,066**	**1,074,530**
Non-controlling interests		(421)	(662)
TOTAL EQUITY		**946,645**	**1,073,868**
Non-current provisions	3.6	42,653	45,076
Shareholder loans	4.3	188,582	0
Non-current bonds	4.3	168,368	340,375
Other non-current borrowings and financial debt	4.3	250,230	290,437
Non-current derivative financial liabilities	4.4	9	5,776
Deferred tax liabilities	5.1	348,830	378,164
NON-CURRENT LIABILITIES		**998,672**	**1,059,827**
Shareholder loans	4.3	1,198	0
Current bonds	4.3	3,157	7,274
Other current borrowings and financial debt	4.3	72,387	92,767
Trade payables and related accounts		57,352	50,079
Current tax liabilities	5.1	5,643	6,355
Other creditors and miscellaneous liabilities		86,238	91,648
Current provisions	3.6	14,179	14,616
CURRENT LIABILITIES		**240,155**	**262,738**
TOTAL EQUITY AND LIABILITIES		**2,185,472**	**2,396,433**

7.2 Consolidated statement of comprehensive income

7.2.1.1 Net income for the period

in € thousands	Note	30/06/2017	30/06/2016
Sales		171,731	142,465
Other income from operations		266	519
Purchases and operating expenses		(43,971)	(47,253)
Taxes		(23,483)	(17,577)
Personnel expenses		(26,939)	(21,180)
EBITDA		**77,603**	**56,973**
Depreciation and amortisation, impairment loss & provisions related to production activities		(57,241)	(58,698)
Depreciation and amortisation, impairment loss & provisions related to drilling activities		2,355	
Current operating income		**22,717**	**(1,725)**
Impairment of drilling assets			(335)
Expenses and impairment of exploration assets		(870)	(179)
Other non-current income and expenses		(4,030)	(2,493)
Income from asset disposals		5	(113)
EBIT	3.1	**17,823**	**(4,845)**
Gross cost of financial debt		*(26,708)*	*(17,756)*
Income from cash		*520*	*737*
Net gains on fair value of financial instruments		*5,767*	*1,779*
Cost of net debt		(20,422)	(15,241)
Net foreign exchange adjustment		(33,011)	(4,979)
Other financial income and expenses		(829)	(1,323)
Financial income	4.5	**(54,262)**	**(21,543)**
Income before tax		(36,439)	(26,388)
Income tax	5.1	(14,491)	1,400
Net income from consolidated companies		**(50,929)**	**(24,988)**
Income from equity associates	2.2	(5,621)	(11,741)
Consolidated net income		**(56,550)**	**(36,729)**
of which: - Net income, Group share		*(56,752)*	*(37,052)*
- non-controlling interests		*201*	*323*

7.2.1.2 Comprehensive income for the period

in € thousands	Note	30/06/2017	30/06/2016
Net income for the period		**(56,550)**	**(36,729)**
Foreign exchange adjustment for the financial statements of foreign entities		(71,553)	(21,823)
Profit (loss) on hedging of net investments in foreign entities		0	0
Total comprehensive income for the period		**(128,103)**	**(58,553)**
- Group share		(128,345)	(58,890)
- non-controlling interests		241	338

7.3 Changes in shareholders' equity

in € thousands	Share capital	Treasury shares	Additional paid-in capital and reserves	Fair value of net investment hedges	Currency translation adjustment	Income for the period	Equity, Group share	Non-controlling interests	Total equity
1 January 2016	**150,412**	**(68,475)**	**909,865**	**(7,355)**	**215,498**	**(97,760)**	**1,102,185**	**(728)**	**1,101,457**
Net income			0			(37,052)	**(37,052)**	323	**(36,729)**
Other items of comprehensive income			0		(21,838)		**(21,838)**	15	**(21,823)**
Total comprehensive income			**0**	**0**	**(21,838)**	**(37,052)**	**(58,890)**	**338**	**(58,553)**
Appropriation of income – dividends			(97,760)			97,760	**0**		**0**
Outstanding share subscription warrants			(519)				**(519)**		**(519)**
Bonus shares			525				**525**		**525**
Changes in treasury shares		340	360				**701**		**701**
Total transactions with shareholders	**0**	**340**	**(97,394)**			**97,760**	**706**		**706**
30 June 2016	**150,412**	**(68,135)**	**812,471**	**(7,355)**	**193,660**	**(37,052)**	**1,044,001**	**(390)**	**1,043,611**
1 January 2017	**150,412**	**(68,140)**	**814,216**	**(7,436)**	**235,671**	**(50,193)**	**1,074,530**	**(662)**	**1,073,868**
Net income			0			(56,752)	**(56,752)**	201	**(56,550)**
Other items of comprehensive income			0		(71,593)		**(71,593)**	40	**(71,553)**
Total comprehensive income	**0**	**0**	**0**	**0**	**(71,593)**	**(56,752)**	**(128,345)**	**241**	**(128,103)**
Appropriation of income – dividends			(50,193)			50,193	**0**		**0**
Bonus shares			1,137				**1,137**		**1,137**
Changes in treasury shares		14,177	(14,433)				**(256)**		**(256)**
Total transactions with shareholders	**0**	**14,177**	**(63,489)**	**0**	**0**	**50,193**	**881**		**881**
30 June 2017	**150,412**	**(53,963)**	**750,727**	**(7,436)**	**164,078**	**(56,752)**	**947,066**	**(421)**	**946,645**

7.4 Cash flow statement

in € thousands		30/06/2017	30/06/2016
Net income		(56,550)	(36,729)
Tax expense for continuing operations		14,491	(1,400)
Consolidated income from continuing operations		**(42,060)**	**(38,130)**
Net increase (reversals) of amortisation, depreciation and provisions		60,701	58,831
Exploration and decommissioning expenses		(700)	179
Share of income from equity associates		5,621	11,741
Other estimated income and expenses		1,105	495
Gains (losses) on asset disposals		(5)	(26)
Dilution gains and losses		0	113
Unrealised gains (losses) due to changes in fair value		(5,767)	(1,779)
Other financial items		65,226	15,984
CASH FLOW BEFORE TAX		**84,121**	**47,408**
Income tax paid		(13,571)	(7,719)
Change in WCR for operations		8,604	(56,082)
	inventories	*871*	*(592)*
	trade receivables	*(30,053)*	*(29,217)*
	trade payables	*10,948*	*(26,600)*
	other credits and liabilities	*26,838*	*327*
NET CASH FLOW FROM OPERATING ACTIVITIES		**79,154**	**(16,392)**
Proceeds from disposals of property, plant & equipment and intangible assets		(0)	113
Disbursements for acquisition of property, plant & equipment and intangible assets		(19,767)	(19,377)
Cash contributed by subsidiaries acquired		0	0
Dividends received from Seplat		0	4,340
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(19,767)**	**(14,923)**
Amounts received for capital increases		0	0
Proceeds from new loans		188,582	0
Loan repayments		(223,940)	(38)
Treasury share acquisitions		(276)	(340)
Interest paid		(12,420)	(14,237)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(48,054)**	**(14,616)**
Impact of exchange rate fluctuations		(15,541)	2,521
CHANGE IN CASH POSITION (*)		**(4,209)**	**(43,410)**
CASH (*) AT BEGINNING OF PERIOD		**192,653**	**273,829**
CASH (*) AT END OF PERIOD		**188,444**	**230,419**

(*) Bank loans are stated under cash below

7.5 Notes to the consolidated financial statements

7.5.1 General information

Etablissements Maurel & Prom S.A. (the "Company") is domiciled in France. The Company's registered office is located at 51 rue d'Anjou, 75008 Paris, France. The Company's consolidated financial statements include the Company and its subsidiaries (the entity designated as the "Group" and each one individually as the "entities of the Group") and the Group's share in its joint ventures. The Group, which is listed for trading on Euronext Paris, acts primarily as an operator specialising in the extraction and production of hydrocarbons (oil and gas).

The consolidated financial statements were approved by the Board of Directors on 12 September 2017. The consolidated financial statements are presented in euros, which is the functional currency of the Company. Amounts are rounded off to the nearest thousand euros, except where otherwise indicated.

7.5.1.1 Economic environment

In the first half of 2017, the average price of Rabi Light was $50.7/bbl versus $39.2/bbl in the first half of 2016.

M&P's production share averaged 19,764 bopd in the first half of 2017, down by 7% compared to the first half of 2016 (mainly due to strike action in Gabon in the first quarter of 2017).

Sales in the first half of 2017 were up by 21% totalling €172 million at end-June 2017 versus €142 million at end-June 2016. The increase in oil prices had a direct positive impact on the Group's margins.

The EUR/USD exchange rate at 30 June 2017 was 1.1412 versus 1.0541 at 31 December 2016. The average exchange rate for the period was 1.0825 versus 1.11594 in the first half of 2016.

This change in the euro to dollar exchange rate is reflected in the Group's financial statements with €33 million in foreign exchange losses recorded under financial income and a reduction in foreign currency translation reserves of €72 million.

In an economic environment characterised by low Brent prices, the Group continued to focus on production. Investments made in the first half of 2017 in order to complete the work programmes approved for impaired assets were mostly expensed against the permits in Canada.

Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, between mid-February 2016 and June 2017, and by a derivative loss on hydrocarbons.

The takeover bid initiated in 2016 by PIEP for Maurel & Prom shares was finalised in the first half of 2017. As at 30 June 2017, PIEP held 141,911,939 Maurel & Prom shares.

As PIEP's majority stake in Maurel & Prom's capital constituted a change in control, bearers of the 2019 and 2021 ORNANE bonds had the option to request the early repayment in cash of all or some of their bonds between 6 February 2017 and 3 March 2017. The early repayment of 7,005,394 2019 ORNANE bonds and 6,076,181 2021 ORNANE bonds, which were cancelled, was made on 10 March 2017. This early repayment was financed through funds made available to Maurel & Prom by PIEP through a shareholder loan under the terms of the ORNANE bonds (i.e. same rates and maturity apart from conversion option). At present, therefore, there are 7,652,775 outstanding 2019 ORNANE bonds, of which 7,635,839 are held by PIEP, and 4,359,390 outstanding 2021 ORNANE bonds, of which 4,359,150 are held by PIEP.

7.5.1.2 Declaration of compliance

The Group's condensed consolidated financial statements (including the notes) have been prepared in line with International Accounting Standard (IAS) 34 Interim Financial Reporting. In accordance with IAS 34, the notes exclusively concern significant events that occurred during the first half of 2017 and they do not present all the *information required for full-year financial statements. As such, they must be read in conjunction with the annual consolidated financial statements for the fiscal year ended 31 December 2016.*

7.5.1.3 Principal accounting methods

The accounting principles applied for the interim accounts are not significantly different from those used for the consolidated financial statements at 31 December 2016, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and available online at: http://ec.europa.eu/finance/accounting/ias/index_en.htm. The application of IFRS as published by the IASB would have no material impact on the financial statements presented herein. New legislation or amendments adopted by the European Union and mandatory from 1 January 2017 do not have a material impact on the Group's financial statements as at 30 June 2017.

7.5.1.4 Estimates

The preparation of consolidated financial statements under IFRS requires the Group to make accounting choices, produce a number of estimates and use certain assumptions that affect the reported amounts of assets and liabilities, the notes concerning potential assets and liabilities as at the reporting date, and the income and expenses for the period. Changes in facts and circumstances may lead the Group to review such estimates.

The results obtained may differ materially from such estimates when different circumstances or assumptions are applied.

In addition, when a specific transaction is not treated by any standard or interpretation, the Group's Management uses its own discretion to define and apply the accounting methods that will provide relevant, reliable information. The financial statements give a true and fair view of the Group's financial position, performance and cash flows. They reflect the substance of transactions, are prepared with prudence, and are complete in all material respects.

Management estimates used in preparing financial statements relate primarily to:

- *recognition of oil carry transactions and impairment tests on oil assets;*
- *provisions for site remediation;*
- *valuation of equity associates and underlying assets;*
- *accounting treatment of derivative instruments subscribed by the Group;*
- *recognition of deferred tax assets.*

When preparing these interim financial statements, the Management's main estimates and the Group's accounting standards are consistent with those applied for the consolidated financial statements for the fiscal year ended 31 December 2016.

7.5.1.5 Seasonality

The Group's business is affected by the consequences of seasonal trends and its full-year earnings largely depend on the performance levels achieved over the second half of the year. The upstream oil sector is being negatively impacted by international demand and prices per barrel. As such, income for the first half of 2017 is not necessarily representative of the results to be expected for the full fiscal year in 2017.

7.5.2 Basis for consolidation

7.5.2.1 List of consolidated entities

The consolidation scope at 30 June 2017 was stable compared to 31 December 2016.

Consolidated companies are as follows:

Company	Registered office	Consolidation method (*)	% control 30/06/2017	% control 31/12/2016
Etablissements Maurel & Prom S.A.	Paris, France	Parent	Consolidating company	
Oil and gas activities				
Caroil S.A.S	Paris, France	FC	100.00%	100.00%
Maurel & Prom Drilling Services	Amsterdam, Netherlands	FC	100.00%	100.00%
Maurel & Prom Exploration et Production BRM S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Exploration Production Tanzania Ltd	Dar es Salaam, Tanzania	FC	100.00%	100.00%
Maurel & Prom Gabon S.A.	Port-Gentil, Gabon	FC	100.00%	100.00%
Maurel & Prom Mnazi Bay Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Namibia S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru Holdings S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Peru S.A.C.	Lima, Peru	FC	100.00%	100.00%
Maurel & Prom West Africa S.A.S.	Paris, France	FC	100.00%	100.00%
Panther Eureka Srl	Ragusa, Sicily	FC	100.00%	100.00%
Cyprus Mnazi Bay Limited	Nicosia, Cyprus	FC	60.08%	60.08%
Maurel & Prom Colombia BV	Rotterdam, Netherlands	EM	50.00%	50.00%
Seplat	Lagos, Nigeria	EM	21.37%	21.37%
Deep Well Oil & Gas, Inc.	Edmonton, Alberta, Canada	EM	19.67%	19.67%
Maurel & Prom East Asia S.A.S.	Paris, France	FC	100.00%	100.00%
MP Energy West Canada Corp.	Calgary, Canada	FC	100.00%	100.00%
MP West Canada S.A.S.	Paris, France	FC	100.00%	100.00%
Saint-Aubin Energie Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Saint-Aubin Exploration & Production Québec Inc.	Montreal, Canada	FC	100.00%	100.00%
Other activities				
Maurel & Prom Assistance Technique S.A.S.	Paris, France	FC	100.00%	100.00%
Maurel & Prom Assistance Technique International S.A.	Geneva, Switzerland	FC	99.99%	99.99%

(*) FC: Full consolidation / EM: Equity method

7.5.2.2 Investments in equity associates

in € thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Total
Investments in equity associates at 31/12/2016	**1,974**	**87,580**	**283**	**89,837**
Income	(353)	(4,915)	(353)	(5,621)
Capital transactions	0			0
Foreign currency translation reserves	(133)	(6,432)	(3)	(6,567)
Dividends received		-0		0
Investments in equity associates at 30/06/2017	**1,489**	**76,233**	**(74)**	**77,648**

in € thousands	Maurel & Prom Colombia BV	Seplat	Deep Well Oil	Total
Location	Colombia	Nigeria	Canada	
	Joint venture	Associate	Associate	
Activity	Exploration	Production	Exploration	
% interest	50.00%	21.37%	19.67%	
Total non-current assets	19,795	1,290,888	(0)	
Other current assets	7,447	471,962	0	
Cash and cash equivalents	1,855	176,574	0	
Total assets	**29,096**	**1,939,423**	**0**	
Total non-current liabilities	250	564,731	374	
Total current liabilities	25,242	319,825	(0)	
Total liabilities (excl. equity)	**25,492**	**884,556**	**374**	
Reconciliation to balance sheet values				
Total shareholders' equity or net assets	**3,604**	**1,054,868**	**-374**	
Historical conversion adjustment	(627)	57,685	0	
Net assets	**2,977**	**1,112,553**	**(374)**	
Share held	1,489	237,737	(74)	
IFRS 3 fair value (1)		(161,504)	0	
Balance sheet value at 30/06/2017	**1,489**	**76,233**	**(74)**	**77,648**
Sales	1,767	121,768	0	
EBIT	(491)	15,993	(1,793)	
Exchange loss		(800)		
Loss on derivatives on hydrocarbons		(8,508)		
Financial income	(94)	(31,122)	-0	
Corporate income tax	(122)	(1,034)	0	
Net income from equity associates	**(706)**	**(25,472)**	**(1,793)**	
Share held	(353)	(5,443)	(353)	
Restatements for standardisation (2)		528		
P&L value at 30/06/2017	**(353)**	**(4,915)**	**(353)**	**(5,621)**

(1) Fair value adjustment for Seplat under IFRS 3 (consolidated at the stock market value) recorded in 2015 in connection with the merger with MPI.

(2) In relation to Seplat, mainly the recognition by income of payments in shares and the deconsolidation of a subsidiary.

Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, between mid-February 2016 and June 2017. Seplat also suffered a fair value loss of €9 million on its derivatives on hydrocarbons.

7.5.3 Operating activities

7.5.3.1 Segment reporting

Maurel & Prom's activities are split into three segments: exploration, production and drilling. Information by region is only relevant at the asset level and is presented in the notes on fixed assets. The other activities mainly concern the holding companies' support and financial services. Operating income and assets are broken down for each segment based on the entities' contributing accounts, which include consolidation adjustments.

in € thousands	*Gabon*	*Tanzania*	Production	Exploration	Drilling	Other	30/06/2017
Sales	*156,392*	*8,088*	164,481	0	7,250		171,731
EBITDA	***85,210***	***4,768***	**89,978**	**(1,485)**	**(2,861)**	**(8,028)**	**77,603**
Depreciation and amortisation, impairment loss & provisions for assets in production net of reversals	*(53,205)*	*(2,364)*	(55,569)			(1,672)	(57,241)
Depreciation and amortisation, impairment loss & provisions for drilling assets net of reversals					2,355		2,355
Expenses and impairment of exploration assets net of reversals				700			700
Other non-recurring expenses						(5,599)	(5,599)
Gain (loss) on asset disposals	*5*					1	5
EBIT	**32,010**	**2,404**	**34,413**	**(785)**	**(507)**	**(15,298)**	**17,823**
Share of income of equity associates			**(4,915)**	**(706)**			**(5,621)**
Intangible investments	*173*	*0*	173	1,993	20	0	2,186
Intangible assets (net)	***183,377***	***37,198***	**220,575**	**67,727**	**25**		**288,328**
Investments in property, plant and equipment	*16,908*	*568*	17,476		95	39	17,609
Property, plant and equipment (net)	***1,264,793***	***38,158***	**1,302,951**	**1,707**	**20,371**	**403**	**1,325,432**

Other non-recurring expenses correspond to expenses incurred in connection with the conclusion of the takeover bid.

7.5.3.2 Intangible assets

in € thousands	31/12/2016	Currency translation adjustment	Invest.	Transfer	Impairment Operating expenses	Amort. & depr.	30/06/2017
Ezanga (Gabon)	205,367	(15,332)	173			(6,831)	183,377
Mnazi Bay (Tanzania)	42,023	(3,120)				(1,706)	37,198
Assets attached to producing permits	247,391	(18,451)	173			(8,537)	220,575
Kari (Gabon)	27,835	(2,144)	374				26,065
Nyanga Mayombe (Gabon)	22,175	(1,654)	622				21,143
Bigwa Rufiji Mafia - BRM (Tanzania)	14,550		94		(94)		14,550
Permits 44 & 45 (Namibia)	5,826		143				5,969
Fiume Tellaro (Italy)							
Sawn Lake (Canada)			164		(164)		
Anticosti (Canada)			223		(223)		
Gaspé Peninsula (Canada)							
Block M2 (Myanmar)			375		(375)		
Other	8					(8)	0
Assets attached to exploration permits	70,394	(3,798)	1,993		(855)	(8)	67,727
Drilling	47	(1)	20	1		(42)	25
Intangible assets (net)	**317,832**	**(22,250)**	**2,186**	**1**	**(855)**	**(8,586)**	**288,328**

All exploration expenses for Canada and Myanmar corresponding to remaining work were expensed for the period.

7.5.3.3 Property, plant and equipment

in € thousands	31/12/2016	Currency translation adjustment	Invest.	Transfer	Impairment Operating expenses	Amort. & depr.	30/06/2017
Ezanga (Gabon)	1,399,563	(105,303)	16,908			(46,374)	1,264,793
Mnazi Bay (Tanzania)	41,403	(3,155)	568			(658)	38,158
Assets attached to producing permits	1,440,967	(108,459)	17,476			(47,033)	1,302,951
Nyanga Mayombe (Gabon)	1,848	(141)					1,707
Sawn Lake (Canada)							
Assets attached to exploration permits	1,848	(141)					1,707
Drilling	22,308	(1,687)	95	(1)		(343)	20,371
Other	436		39			(72)	403
Property, plant and equipment (net)	**1,465,558**	**(110,287)**	**17,609**	**(1)**	**(0)**	**(47,447)**	**1,325,432**

Investments in property, plant and equipment over the period primarily concern production investments for the Ezanga permit.

Pursuant to IFRS 6 and IAS 36 and in the absence of a trigger event or new factors calling into question the estimates applicable to assets as at 31 December 2016, the Group did not consider it necessary to analyse the assets' recoverable value as at 30 June 2017.

7.5.3.4 Trade receivables

in € thousands	31/12/2016	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2017
Ezanga (Gabon)	8,350	(1,693)	20,525			27,181
Mnazi Bay (Tanzania)	16,735	(1,697)	8,156			23,194
Drilling	5,479	(475)	1,105			6,109
Other	94		267			357
Trade receivables (net)	**30,657**	**(3,868)**	**30,053**	**0**	**0**	**56,841**

Outstanding receivables on Ezanga for hydrocarbon sales for the most part reflect the receivables from Totsa Total Oil Trading SA and Sogara, both of which purchase production from the Ezanga permit fields. Sales to Total are settled within 30 days. The change in the balance of receivables for the period is due to variances in collections.

The outstanding receivables on Mnazi Bay for natural gas sales are mostly from the national company TPDC and Tanesco.

Outstanding receivables from drilling mainly correspond to receivables due from ENI.

The recoverability of all of these receivables is not called into question. There is no significant impaired receivable.

7.5.3.5 Other assets

in € thousands	31/12/2016	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2017
Advances	3,183	(203)	(409)			2,571
Prepaid expenses	877	(99)	1,856			2,634
Tax and social security receivables	65,945	(4,885)	4,611		555	66,226
Other assets (net)	**70,004**	**(5,187)**	**6,059**	**0**	**555**	**71,431**
Gross	77,270	(5,187)	6,059	(1,501)		76,641
Impairment	(7,266)			1,501	555	(5,210)
Non-current	38,708	(3,119)	3,195			38,785
Current	31,296	(2,068)	2,864	0	555	32,646

"Tax and social security receivables (excluding corporation tax)" primarily comprise VAT receivables from the Gabonese state – the non-current portion due in more than one year.

7.5.3.6 Provisions

in € thousands	31/12/2016	Currency translation adjustment	Increase / Reversal	Accretion	Transfer	30/06/2017
Site remediation	39,007	(2,786)	(5)	749	0	36,965
Pension commitments	1,085		0			1,085
Other	19,600	(679)	(138)			18,782
Provisions	**59,692**	**(3,465)**	**(143)**	**749**	**0**	**56,833**
Non-current	45,076	(2,786)	(5)	749	(380)	42,653
Current	14,616	(679)	(138)		380	14,179

Site remediation provisions for sites in production are revised annually based on an appraisal and discounted using US Bloomberg Corporate AA rates to keep pace with the length of the commitment.

Other provisions cover various risks including tax and employee-related risks in the Group's various host countries.

7.5.4 Financing activities

7.5.4.1 Other financial assets

in € thousands	31/12/2016	Currency translation adjustment	Change	Transfer	Impairment / Reversals	30/06/2017
Equity interests	0					0
Equity associates current accounts	1,707	0	122			1,829
Deposits	75,173	(5,682)	620			70,111
Miscellaneous receivables	112,046	(5,843)	(33,871)		(3,062)	69,271
Other financial assets (net)	**188,926**	**(11,524)**	**(33,129)**	**0**	**(3,062)**	**141,211**
Non-current	76,879	(5,682)	742	0	0	71,940
Current	112,046	(5,843)	(33,871)	0	(3,062)	69,271

The change in "Miscellaneous receivables" for the most part concerns the change in entitlement payables arising from favourable variances on the Ezanga permit and the receipt of $9 million in accrued income recognised in 2016 in connection with the arbitration with Dominion Petroleum Ltd and Dominion Oil & Gas Ltd.

7.5.4.2 Cash and cash equivalents

in € thousands	30/06/2017	31/12/2016
Liquid assets, banks and savings banks	77,872	77,845
Short-term bank deposits	91,299	114,954
Marketable securities	19,685	0
Cash and cash equivalents	**188,855**	**192,799**
Bank loans (*)	(411)	(147)
Net cash and cash equivalents	**188,444**	**192,653**

(*) Bank loans are stated under debt below

7.5.4.3 Borrowings

in € thousands	31/12/2016	Currency translation adjustment	Disbursements	Takeover bid (*)	Movements	30/06/2017
Shareholder loans				187,873	709	188,582
2019 ORNANE bonds	239,841		(366)	(120,913)	7,521	126,083
2021 ORNANE bonds	100,534		(343)	(66,960)	9,054	42,285
Revolving Credit Facility	288,288	(26,413)	(8,587)	0	(5,009)	248,279
Crédit Suisse					0	
Other	37				(37)	0
Lease financing debt	2,112	(188)			26	1,951
Non-current	630,812	(26,600)	(9,296)	(0)	12,263	607,180
Revolving Credit Facility	88,938		(34,642)		14,375	68,671
Lease financing debt	285				65	350
Current bank loans	147	8	(7)		263	411
Other	3				(3)	0
Accrued interest	10,667	0	(4,346)	0	990	7,311
of which Accrued interest / shareholder loans					1,198	*1,198*
of which Accrued interest / ORNANE 2019 bonds	*4,111*		*(2,422)*		265	*1,954*
of which Accrued interest / ORNANE 2021 bonds	*3,162*		*(1,924)*		(35)	*1,203*
of which Accrued interest / CS	*0*				0	*0*
of which Accrued interest / RCF	*3,394*				(438)	*2,956*
Current	100,040	8	(38,995)	0	15,689	76,743
Borrowings	**730,852**	**(26,592)**	**(48,291)**	**(0)**	**27,953**	**683,922**

(*) Early repayment of the ORNANE bonds financed by a PIEP shareholder loan in the same amount. This column does not include the impact of income from the early repayment.

Bonds

2019 ORNANE bonds – On 6 June 2014, the Group issued 14,658,169 ORNANE bonds maturing on 1 July 2019, with a unit exercise price of €17.26 and a coupon of 1.625% payable every six months.

2021 ORNANE bonds – On 12 May 2015, the Group issued 10,435,571 ORNANE bonds maturing on 1 July 2021, with a unit exercise price of €11.02 and a coupon of 2.75% payable every six months.

Following the Group's change in control, bearers of the 2019 and 2021 ORNANE bonds had the option to request the early repayment in cash of all or some of their bonds between 6 February 2017 and 3 March 2017. The early repayment of 7,005,394 2019 ORNANE bonds and 6,076,181 2021 ORNANE bonds, which were cancelled, was made on 10 March 2017. This early repayment was financed through funds made available to Maurel & Prom by PIEP through a shareholder loan under the terms of the ORNANE bonds (i.e. same rates and maturity stated above, apart from the conversion option). At present, therefore, there are 7,652,775 outstanding 2019 ORNANE bonds, of which 7,635,839 are held by PIEP, and 4,359,390 outstanding 2021 ORNANE bonds, of which 4,359,150 are held by PIEP.

Shareholder loan

The early repayment of the ORNANE bonds was financed by funds made available to Maurel & Prom by PEIP through a shareholder loan under the terms of the ORNANE bonds in a nominal amount of €188 million.

Maurel & Prom Revolving Credit Facility

On 18 December 2014, Etablissements Maurel & Prom signed a $650 million Revolving Credit Facility. The features of this loan have not changed since then.

The first two repayments of $18.7 million each were made on 1 January 2017 and 1 April 2017, in accordance with the initial repayment schedule.

7.5.4.4 Derivative financial instruments

in € thousands	31/12/2016	Change	Income	30/06/2017
Financial instruments	**(5,776)**	**0**	**5,767**	**(9)**

The derivative instruments recognised in "non-current derivative financial instrument liabilities" on the balance sheet represent the fair value of the optional component of the ORNANE bonds. At 30 June 2017, following the takeover bid, the fair value of the optional component of the ORNANE bonds was virtually nil. The change in fair value of these options for the period is recognised in the income statement.

7.5.4.5 Financial income

in € thousands	30/06/2017	30/06/2016
Interest on overdrafts	(7)	21
ORNANE bond interest	(16,106)	(6,856)
Shareholder loan interest	(1,198)	
Interest on other borrowings	(9,397)	(10,921)
Gross cost of debt	**(26,708)**	**(17,756)**
Income from cash	520	737
Net income from derivative instruments	5,767	1,779
Net cost of debt	**(20,422)**	**(15,241)**
Net foreign exchange adjustment	(33,011)	(4,979)
Other	(829)	(1,323)
Other net financial income and expenses	**(33,840)**	**(6,302)**
FINANCIAL INCOME	**(54,262)**	**(21,543)**

The gross cost of debt takes the effective interest rate of the loan (i.e. the actuarial rate taking into account issuance fees), which explains the disconnect between the fees and interest effectively paid over the period.

The interest expense on the ORNANE bonds for the period includes €13 million in non-recurring expenses associated with the reclassification as income of a portion of the expenses related to the issue of the ORNANE bonds following the early repayment, the cost of which was spread over the term of the loan.

The net gains and losses on derivative transactions reflect the change in the fair value of the option detached on the ORNANE bonds between the 2016 fiscal year closing date and period-end at 30 June 2017.

Net foreign exchange variances mainly reflect the revaluation of the Group’s currency positions (primarily USD) at the closing rate.

Other financial income and expenses mainly include the accretion of the provision for site remediation for -€0.7 million.

7.5.4.6 Financial risk management

The Group’s financial risk management (market risk, country risk, credit risk and liquidity risk) and the objectives and guidelines applied by the Group’s Management are identical to those presented for the consolidated financial statements at 31 December 2016.

The Group’s results are sensitive to various market risks. The most significant of these are hydrocarbon prices, expressed in USD, and the EUR/USD exchange rate. The EUR/USD closing rate used to reassess the closing positions at 30 June 2017 was 1.1412, compared with 1.0541 at 31 December 2016.

7.5.5 Other information

7.5.5.1 Income taxes

With the exception of the companies holding the Mnazi Bay permit, for which the possibility of recovery of deferred tax assets is demonstrated, the other deferred tax assets relating to losses carried forward are not recognised in excess of deferred tax liabilities if it is not sufficiently likely that there will be future taxable profits against which the losses may be charged. From a structural perspective, this is notably the case for Etablissements Maurel & Prom SA (parent company).

The corporate income tax expense payable mainly reflects the income tax recognised for the state’s share of profit oil on the Ezanga permits in Gabon.

Deferred tax income primarily results from the depreciation of the timing difference between recoverable costs from a tax perspective and the recognition of fixed assets in the consolidated financial statements for the Ezanga and Mnazi Bay permits.

Reconciliation of the tax expense and pre-tax income

in € thousands	30/06/2017	30/06/2016
Pre-tax income from continuing operations	(42,060)	(38,130)
- Net income from equity associates	(5,621)	(11,741)
Pre-tax income excluding equity associates	**(36,439)**	**(26,388)**
distortion taxable base Gabon	18,711	4,972
distortion taxable base Tanzania	(1,394)	(6,189)
Taxable income (I)	**(19,122)**	**(27,606)**
(a) Theoretical tax income (I*33.33%)	**6,373**	**9,201**
(b) Tax recognised in income	**(14,491)**	**1,400**
Difference (b-a)	**(20,864)**	**(7,801)**
- Tax difference on recoverable costs and Gabon tax rate	497	12,098
- Tax difference on recoverable costs and Tanzania tax rate	(2,000)	(1,043)
- Profit oil tax / notional sales	(11,851)	(9,480)
- Non-capitalised losses and other	(7,510)	(9,375)

Reconciliation of the balance sheet total, the tax charge and tax paid

in € thousands	Deferred tax	Current tax	Total
Assets at 31/12/2016	**30,375**	**1,264**	**31,639**
Liabilities at 31/12/2016	**(378,164)**	**(6,355)**	**(384,519)**
Net value at 31/12/2016	**(347,789)**	**(5,091)**	**(352,880)**
Tax expense	(150)	(14,340)	(14,491)
Payments		13,571	13,571
Currency translation adjustment	26,552	434	26,986
Assets at 30/06/2017	**27,443**	**218**	**27,660**
Liabilities at 30/06/2017	**(348,830)**	**(5,643)**	**(354,473)**
Net value at 30/06/2017	**(321,387)**	**(5,426)**	**(326,813)**

7.5.5.2 Fair value

Fair value positions according to IFRS 3 hierarchy are established based on the same assumptions as those presented in the consolidated financial statements at 31 December 2016.

in € thousands	Level		30/06/2017 Balance sheet total	Fair value	31/12/2016 Balance sheet total	Fair value
Non-consolidated equity interests	Available-for-sale securities	a	0	0	0	0
Non-current loans and receivables	Loans and receivables	b	71,940	71,940	76,879	76,879
Trade receivables and related accounts	Loans and receivables	b	56,841	56,841	30,657	30,657
Other current financial assets	Loans and receivables	b	69,271	69,271	112,046	112,046
Cash and cash equivalents		c	188,855	188,855	192,799	192,799
Total Assets			**386,908**	**386,908**	**412,382**	**412,382**
Other borrowings and financial debt	Liabilities at amortised cost	d	322,617	322,617	383,203	383,203
Bonds	Liabilities at amortised cost	e	171,525	171,525	347,649	360,300
Derivative financial instruments	Fair value	e	9	9	5,776	5,776
Trade payables	Fair value	b	57,352	57,352	50,079	50,079
Other creditors and sundry liabilities	Fair value	b	86,238	86,238	91,648	91,648
Total Liabilities			**315,123**	**315,123**	**495,151**	**507,802**

7.5.5.3 Related parties

in € thousands	Income	Expenses	Amounts due from related parties (net)	Amounts due to related parties
1) Equity associates				
Maurel & Prom Colombia BV			2,069	
Seplat			11	-0
2) Other related parties				
- PIEP		(1,198)		189,780

7.5.5.4 Off-balance-sheet commitments - Contingent assets and liabilities

Off-balance-sheet commitments were consistent with those presented in the consolidated financial statements at 31 December 2016.

Work commitments

Oil work-related commitments are valued based on the budgets approved with partners. They are revised on a number of occasions during the year to take various aspects into account, including the results of oil work carried out.

Independent guarantee for the Anticosti project

The Company guaranteed the obligations of its wholly owned subsidiary Saint-Aubin Energie Exploration Production Inc and the payment of its share of a CAD 60-million works programme in partnership with the Government of Quebec. At 30 June 2017, the total amount of the work (at 100 %) stood at CAD 28 million, the remainder of this obligation being subject to government administrative approvals.

On 27 July 2017, the Government of Quebec and Saint-Aubin Energie signed an agreement regarding the decommissioning of Saint-Aubin Energie's exploration activities on Anticosti Island, as a consequence, this guarantee is now cancelled.

Maurel & Prom Revolving Credit Facility

The Company "Etablissements Maurel & Prom S.A." is the borrower in respect of the RCF, which is guaranteed by its French subsidiary Maurel & Prom West Africa and by Maurel & Prom Gabon.

The following sureties have also been set up:
- a pledge against the bank account balance, granted by the Company;
- a pledge against Maurel & Prom Gabon shares held by Maurel & Prom West Africa;
- a pledge of the Maurel & Prom West Africa shares held by the Company;
- the transfer, as a guarantee, of the respective rights held by Maurel & Prom Gabon, the Company and Maurel & Prom West Africa in any (i) hedge agreement, (ii) insurance policy and (iii) future oil sales agreement concerning underlying assets, entered into between Maurel & Prom Gabon and any party authorised to carry out extractions;
- the transfer, as guarantee, of rights related to any loan granted to one of the Group's companies.

Under the amended terms of the RCF, the equivalent of $25 million was pledged against Seplat shares.

Maurel & Prom has made commitments to comply with certain financial ratios at 30 June and 31 December each year:
- ratio for the Group's consolidated net debt to EBITDAX (earnings before interest, taxes, depreciation, amortisation and impairment net of the impact of exchange gains and losses), estimated over a 12-month period prior to the reference period;
- ratio for P1+P2 Group share reserves x $10, which must not fall below 1.5 times the Group's consolidated net debt.

In addition, Maurel & Prom Gabon's rights concerning oil production from fields in the Ezanga Production Sharing Agreement must not drop below a net level of production set in the Credit Agreement.

Rockover and Masasa Trust

Under the terms of the February 2005 purchase agreement, as amended, signed by Maurel & Prom, the Rockover Group and Betty & Dickson Trustees Limited (now Mayfair Trustees Limited) as trustee of the Masasa Trust (with Rockover, the "Sellers"), Maurel & Prom undertook to pay the Sellers:

- a royalty of 2% when total production exceeds 39 million barrels on all fields sold to Maurel & Prom (excluding Banio). This threshold was reached in the last few days of December 2014. Since then a royalty expense has been recognised commensurate with production. It is paid monthly;
- a royalty amounting to $1.30 for every barrel produced from the date that total production in all licensed zones exceeds 80 million barrels; and

- a royalty of 10% on the production from the Banio field when total production from this field exceeds 3.865 million barrels.

The agreement also stipulates that Maurel & Prom shall pay the Masasa Trust a royalty equivalent to 2% of total available production up to a threshold of 30 million barrels, and of 1.5% above that threshold, on the production from the exploration permits resulting from the MT 2000-Nyanga Mayombé exploration permit. Since production from the Banio field (to date the only exploration permit resulting from MT 2000-Nayanga Mayombe) is currently suspended and no resumption date has been planned, this commitment is recognised as an expense commensurate with production.

Other

Under the Ezanga PSA, the Gabonese state has a right of entry once an Exclusive Development Authorisation is granted.

Under the agreement signed on 26 July 2012 to acquire Cyprus Mnazi Bay Limited from Wentworth, Wentworth will be paid up to $5 million if gas production volumes exceed 10 million cubic feet per day over a period of 30 consecutive days. The production threshold was exceeded in the last quarter of 2015 and the commitment is recognised as an expense as payments are made.

7.5.5.5 Events after the reporting period

The Government of Quebec informed Saint-Aubin Energie Quebec Inc., a wholly owned subsidiary of Maurel & Prom, of its intention to withdraw the territory of Anticosti Island, for which exploration permits had been granted, from all future hydrocarbon or underground reservoir exploration.

Accordingly, on 27 July 2017 the Government of Quebec and Saint-Aubin Energie signed an agreement regarding the decommissioning of Saint-Aubin Energie’s exploration activities on Anticosti Island. Other oil operators on Anticosti Island have also entered into such agreements.

The end to operations and the exploration programme were negotiated in exchange for financial compensation of CAD 16.2 million for the Maurel & Prom Group, which has a 21.7% stake in the project on Anticosti Island.

8 STATUTORY AUDITORS' REPORT

To the shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Etablissements Maurel & Prom, for the period from January 1 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

8.1 Opinion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

8.2 Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense, 12 September 2017

KPMG Audit
Department of KPMG S.A.

Eric Jacquet

Partner

Paris, 12 September 2017

International Audit Company

François Caillet

Partner